

**Ambassador Robert Zoellick**  
**Press Conference at WTO Mini-Ministerial Meeting**  
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I want to start by thanking President Fox and Minister Derbez for hosting what I thought was an excellent meeting, and to me it's one more sign of Mexico's leadership on the international trade front and for someone who was the U.S. government at the time Mexico joined the GATT in 1986 as someone who worked on NAFTA, I am absolutely delighted at the leadership that Mexico is demonstrating. I thought that the meeting was a very useful meeting; we had a serious discussion of political and economic topics at the ministerial level, and that is particularly important because that's the level that has to integrate the political and economic elements, and we had a first-rate group of people seeking to do that.

As you know this meeting is part of the process; I go from here on to a meeting of the CAIRNS Group. In all these meetings a key part of what I'm here to do is to try to listen and learn because we have over 140 countries in the WTO, and we have to be able to try to bring them all together. I leave this meeting with additional sense of momentum. I think that all people that were around the table wanted the meeting in Doha to be a success. I think the vast majority would like to launch global negotiations. As one of the ministers pointed out, Doha is about making political tradeoffs and framework for negotiations. It isn't doing the trade negotiations and that's one of the reasons why ministers have to try to determine what that framework would be. I think there is a very good process by all the members in an effort to try to understand and meet the political needs of their colleagues. There was a strong sense of cooperation and a problem-solving spirit. As a number of ministers mentioned, there was an attitude that this framework for negotiation should be a win-win framework, and of course we still have disagreements, sometimes significant, but I think there's a better understanding of those disagreements. This process will lead into the Geneva process; I have Ambassador Deily here, who is the U.S. Ambassador to the WTO, and she and her colleagues from the other countries will the results of this meeting and other meetings that are taking place -- CAIRNS, ASEAN and others B and relay them into the process of developing this framework.

To give you a slight added degree of specificity, I thought that the discussion on agriculture was a particularly excellent one. That's important because agriculture is a key to opening up progress on so many other items as it was in the Uruguay Round. There were very good clarifications in the environmental area, and there was some floating of some practical ideas about how to address this topic within the current rules. In the area of the ASingapore issues@ and the so called new agenda of investment, competition, trade facilitation and transparency in government procurement, I think there was a sense that if there is to be an agreement to add these issues, that the countries who are promoting them will need be precise on the mandate. On the topic of implementation in developing countries, there was substantial discussion. It was a theme that ran through the discussions last night and today. It had different elements. One

element was the importance of developing capacity in developing countries so they can take part fully in the negotiations, so they can have a sense of the implication of the issues and the ability ultimately to implement the issues.

On the implementation agenda which covers a wide range of topics that are carry-overs from the Uruguay Round, I think there was a general sense that the countries want to try to address some of those issues before Doha, some might be addressed at Doha, and some might be the subject of further negotiations. There is recognition of the importance of agriculture for the developing countries. There is recognition of the importance of proceeding with the special and differential treatment for developing countries, the need to interpret the intellectual property regime, flexibly, so as to be able to deal with pandemic health issues, and a recognition there had been some progress on the implementation agenda. For example, there is an agreement to schedule longer implementation times for nine countries that the trade related investment measures, the so-called TRIMs process, in about twenty adjustments in the area of customs evaluation.

Looking forward -- and to put this meeting in context -- as many of you know, for the past number of months I've been having meetings with my colleague Commissioner Lamy from the European Union. And that has been a vital part of our strategy related to a WTO round. If the European Union and the United States are at loggerheads, they are not likely to be successful. The fact that we can agree on a number of items doesn't mean others will agree, but I think it's a prerequisite for a successful process. And I think once again Commissioner Lamy and I tried to work cooperatively at this session, and I was very pleased with his assistance, and I hope he was pleased with mine.

I've also spent a lot of time with Latin American countries. I was in Peru recently for President Toledo's inauguration, so I had an opportunity to meet with a number of Presidents and Ministers there. I will be going on to Uruguay tomorrow and part of my agenda there is to have the first of a four-plus-one meeting, which we announced a couple of weeks ago, and that's the MERCOSUR countries, plus the United States. In the case of Asia, as many of you know, about a month or two ago I was at the APEC Ministerial in Shanghai. We had a very good discussion with the WTO round that was obviously hosted by the Chinese who are on the edge of coming into the WTO, but are also ardent supporters of the WTO round. I had the opportunity recently also to be in India, Indonesia and Singapore where I've had these discussions. And the point of this is that from my part, and the part of my colleagues, for example, Ambassador [name unclear], who was attending the ASEAN meeting, we're trying to create a network to try to identify the issues, identify the problems, and see whether we can try to close gaps on these issues. So my feeling is that this process has moved us closer to a roadmap that could lead to success at Doha. So while we have a lot of work to do, I think the time was very well spent.

I'll be happy to take the questions. Thank you.

- Reporter: My question would be, sir, concerning the recent local multi-billion dollar farm bailout package, a bailout package that was labeled by the IMF as a defacto subsidy. I was hoping you could comment the U.S. position about the support for the agriculture sector in the context of WTO's discussions about agricultural subsidies.

- Zoellick: Sure. As you know the United States, in the Uruguay Round, and continuing today, is a strong supporter of discipline on agriculture. We have tried to focus on the tri-part framework, which was developed in the Uruguay round, which is to deal with export subsidies.

We would like to see their elimination. We only have -- I think -- less than a hundred million dollars now in export subsidies, and the EU number is around five billion. We also want to try to deal with domestic subsidies and then the third area is one of market access. We recognize that there are other issues that people would like to include in the agriculture agenda. These are sometimes called some of the non-trade concerns, and we believe those can have a place. But frankly, we need to try and ensure that any policies in those areas are as least trade-distorting as possible. We've also emphasized the importance of the so-called SPS or sanitary and phytosanitary standards, which are critical in terms of all agricultural countries being able to export their goods. To go back to your point about the U.S. Congress, I think an example about commitment to this process was that about a month ago Secretary Veneman made the determination that some of the past years' subsidies, along with the so-called Amber Box, that's the box that is for production-distorting subsidies, ones that affect production. We are limited in this box to about 19.1 billion dollars. We are willing to play by the rules, and we have tried to work with the Congress to emphasize that if subsidies are given to farmers -- as we know they will be -- that they should be done in a non-trade distorting statute, that fits within what is called the Green Box, and the vast majority of the U.S. farm subsidies are in that Green Box. That was an agreement that was made during the course of the Uruguay Round to discipline subsidies and recognize that when you do support farmers, you do so in a way that doesn't support production. That is separate again from the category of export subsidies, which again I said we have tried to eliminate, and are close to eliminating for the United States.

There was a very good and open discussion about agriculture. It's important for developing countries, it's important to the CAIRNS group, it's important for the United States. We know there are sensitivities with Japan and the European Union, but I got a sense coming out of this meeting, that there's a possible framework that will take time to work through, but could allow us to reach some agreement on these issues. Now that's still a long way off, but it's ahead of where we were yesterday.

Reporter: I would like to ask you something about agriculture. In the statement you made prior to coming here, you said that the U.S. recognized agriculture as important to the trade agenda of the Americas, that the U.S. is seeking more opportunities and more market access for American farmers. What is the U.S. willing to do in terms of allowing for more market access from developing countries to the agriculture sector in the U.S. to the agriculture markets in the U.S.?

Zoellick: Well, we're willing to negotiate in the three categories that I mentioned. We'd like to eliminate export subsidies, we are willing to have further market access, and we're willing to reduce domestic support if others do the same. If you look at a number of the developing countries, their agriculture barriers are currently greater than those of the United States, and so this is one of the issues that must be discussed when certain developing countries are seeking special and differential treatment. We recognize the importance of such treatment for a country, such as, for example, India, that has about 7 hundred million people which are living near subsistence farming level. On the other hand, if we are going to have a successful negotiation, we're going to have to have trade-offs among all parties. And so we are going to do our part, as we have in the past, if others to do their part.

Reporter: [follow up question inaudible]

Zoellick: Well, obviously, if you look at market access, and in fact, under the Uruguay round we still have commitments that we've been following through in terms of open market access. Just yesterday I announced an agreement under the WTO terms to resolve the dispute of lamb with New Zealand and Australia. Where we had a 201 safeguard, the WTO ruled against it, and we agreed to open to their markets. So we are willing to live by the rules. I will emphasize that what are doing over the next two months is not negotiating at that level. What we are trying to do in the next two months is agree on a framework for negotiations so the level that we're at is really to try to determine what will be the categories of negotiation, what will be the degree of ambition, and how will you deal with other issues that people have that are of non-trade nature related to agriculture.

Reporter: Reuters News Service. In regards to the implementation issue, one of the things that I understand is that India and some of the other developing countries are pushing for a quicker phase-out of textile quotas. Is that an area in which the United States and other developing countries would be able to give ground?

Zoellick: Well, the Indians had a list of approximately 93 items, to cover a broad range of topics. Uruguay led a group of six other countries that took those 93 topics and tried to assess the ability to deal with them. I think there was - I don't have the exact numbers, but there's approximately 15 or 20 that have already been addressed. In the area of textiles, what I pointed out is that in the case of India, for example, our textile growth has been about 11% a year since the completion of the Uruguay round. That's about an increase of 84%. If my recollection is roughly correct, we buy about 2.5 billion dollars of textiles a year from India.. I emphasize that if in a further negotiation we are going to try to reduce tariffs on textiles, we must keep these facts in mind. Again, let me take you back a step, as you probably know part of the Uruguay round there's something called the Multifiber Agreement that set a series of quotas. The Uruguay Round agreed over a period of time to end the quotas and substitute tariffs. That's what we're in the process of doing. So, under the Uruguay round, we have further liberalization that is built-in over the course of, I think, 2005. If one wants to liberalize further, one of the points I made to developing countries is we're going to need to get them liberalize some.

Because actually if you look at the tariffs and barriers in a number of the developing countries in textiles they are far higher than ours.

Reporter: Kyoto news. Do you explain about U.S. position on the antidumping rules requested by Japan and is there any room for the U.S. to make a compromise on the issue?

Zoellick: I'm sorry . . . can I take your question instead? (Laughter) You're right. As all of you know, anti-dumping is a very sensitive issue for the United States. What I explained to my colleagues is one of the reasons that it is so sensitive is that our average trade-weighted tariff now when you work in the preferential trade agreements is between 1 and 3 %. So, for the United States, the trade remedies are unfair practices, the safeguards, the adjustment processes become very important in terms of trying to maintain the political support for trade. While I recognize that antidumping is an important issue for many countries, including Japan, it remains an extraordinary sensitive issue for the United States. I made another point that I think is worth noting, and that is that, if you actually look over the past 5 years at the antidumping caseload, you had a huge increase from developing countries. In fact, 35% of the new cases initiated over the past 4 years were from India, South Africa, Argentina and Brazil. So another other concern for the United States= point of view is how those antidumping processes can be used against us, and that was another matter that we discussed.

Reporter: Yes, Andrea Campbell from the Financial Times. I was just wondering what the U.S. position was in regards to the environment with trade, and if you see any possibility on that and if you see basically going for the ability to have a new round with all these different issues on the table or will the agenda have to be narrowed?

Zoellick: On your first question, it has been our belief that open trade and growth are not only consistent with good environmental practices, but usually supportive of those. And so, at the level of principles, we definitely believe that the WTO should support concepts like sustainable development. We believe that it should support the right of all countries to have health, environment and safety rules at their own level of performance. Now, the issue that has been presented in the environmental area is whether there are other actions that some countries might see as protectionist, or backdoor ways to protectionism. These issues have been dealt with over the past number of years through a series of WTO cases. Contrary to the general public opinion, if you actually look at the tuna-dolphin case, and the shrimp-turtle case or the asbestos case or the lead gasoline case -- they've all come out on the side of the environmental community. So, we tend to favor a process of moving forward, within the current system of rules, and allowing that case- by-case development. Having said that, we also appreciate that this is a particularly sensitive and important issue, particularly for the European Union, and there are areas in which we want to try to work with the European Union to have good trade policy, good environmental policy and open markets. And I think that there's a general sense that I'd let others speak for themselves. On this issue it's really not the United States versus others, we are actually with the large group of countries that are somewhat concerned about environmental policies in the trade area. My own view is these should be a win-win combination, but it's going

to take some work, as I mentioned in my comments, one of the benefits of this meeting was that we tried out some practical ideas, and this was done at the level of Ministers and so that's sometimes how you start to move the process ahead.

On your second question, which is I believe related to sort of what's the scope of the agenda; it's too early to say. That's part of the purpose of this meeting. I tried to give you a sense of the range of topics. I did try to give you a sense on the so-called new agenda, the Singapore agenda, that if one goes forward with those, they will probably need to be defined with some precision. This is a particular concern for the developing countries because a point that you hear quite frequently, and I think is a point that has merit, is that given their limited resources, as they move into these areas, they really want to know what are the boundaries of what they are moving into. As you probably know from my joint statements with Commissioner Lamy, we've tried to show some flexibility on areas like investment and competition within bounds, where we're trying to work cooperatively. In the area of trade facilitation, we believe that is a natural that keeps the international legal trading system up with changes in the business economy, and it's another one that naturally fits with capacity-building in the implementation agenda. In the area of government procurement, we believe there's a good argument to be made for transparency. But we're only one country, and that's what will be determined over the course of the next two months.

Reporter: I'd like to know what's the position of the U.S. on labor because this point was very important in Seattle and if you are going have the support of the Congress for the Fast Track.

Zoellick: On the labor issue we had an election and a change of government. This government has a different position on those issues. President Bush has made it quite clear that he thinks that the most important step in terms of improving labor standards around the world is to try to open markets and encourage growth. Again, we believe that there are ways that the international community can improve labor standards. It is our view, and, I think a view that was shared by many countries in the room, that one of the best ways to do that is to support the International Labor Organization, and at least among some countries, there's an interest in making sure that the International Labor Organization's work is done in a cooperative fashion with the WTO's work. But that's an area to be explored. So, we will not have a repeat of what happened in Seattle where the United States has taken a position about trade sanctions for labor standards. On the other hand, we believe that improvement of labor standards around the world is a valuable part of our international policy. Where we can promote it through trade, we will, but we will also try to promote it to other organizations. As your question on trade promotions authority -- I didn't quite get what the question was.

Reporter: Support of the Congress?

Zoellick: I don't know yet, that's why they vote. The Congress has been out on recess. I believe that Chairman Thomas of the Ways and Means Committee has been working on some

ideas that he will probably try to push forward early in September. He's been having discussions with some of his Democratic colleagues, about how to try to do so in a way that deals with environmental labor as well as trade issues in a positive consensual-based fashion, and that will be the process that you will see unfold in the course of September. As you probably know on the Senate side there has been a bipartisan bill that was put in by Senator Graham of Florida, Senator Murkowski of Alaska, a Democrat and a Republican. That's the basis for possible action. Chairman Baucus has also been having discussions with the ranking Republican Senator Grassley, so, I think that the President and I, and Secretary Evans, and Secretary Veneman, and our colleagues who will also be spending a lot of time on trying to secure that authority over the course of the next two months. President Bush is the first President not to have that authority from the five prior presidents, and one of the arguments that we made is that frankly in many areas the United States has been falling behind because we don't have that trade negotiating authority.

Reporter: Chris Kraul, The L.A. Times , Can you comment on the tuna situation in Mexico? Mexico frustration on not being able to sell tuna in U.S. after having done everything right, reducing dolphin kills Y. Is there any initiative?

Zoellick: Well, just to make sure we got our facts right. Mexico has the right to sell tuna in the United States. The issue relates to the question of the dolphin-free labels, and as you probably know, the Clinton Administration Commerce Department made a finding that was going to move in a direction of allowing Mexico, based on its cooperation dealing with the dolphin issues, to be able to market dolphin-free tuna. We agreed to that position. The court ruled against the Executive Branch, and so frankly we share Mexico's frustration on this. But we have three separate branches of government. And so the next step is frankly to work with the Commerce Department and Mexico and try to see how - given the statutory procedures passed by Congress -- how we can try to overcome those hurdles. In the meantime, frankly, we have praised and supported the Mexicans for the cooperation that frankly began the last time I was in government to try to avoid dolphin catches. They made significant efforts in that behalf, and I hope that this issue will be worked out so they will be sell their dolphin-free tuna.

Reporter: Gerardo Young de Canal Once - despues de ésta reunión que podemos esperar en la siguiente que se realizará en Doha, y que se han respecto a la integración de China a la OMC?

Zoellick: The question was after this meeting what can we expect with the next one, which will be with the issue of China's integration in the world trading system, if I roughly had it right. Well, let me divide this into two pieces. The China piece, I think, is the most important one. My predecessors in the Clinton administration tried to work to reach a bilateral agreement with China to try to accommodate the various interests that would be resolved in removing what we call permanent error to annual normal trade relations review. That fed into a process with the WTO where each country makes a bilateral agreement. I believe all of them have completed it except Mexico. When I was in Shangai, I worked through some final issues related to

agriculture and insurance, and so there's a meeting, if I recall, scheduled in Geneva around September 10 or 12th, a working party meeting, to try to move this issues to completion, so we can bring China in by the end of the year. I hope we will be able to do that. I think it's important to bring China into the International Trading System. I think that China has given every signal that it wants to be a constructive player in the system. And as I mentioned, when I was in Shanghai, it was one of the strongest voices for the launch of a new round. I will mention that it is affecting the overall international trading dynamic. In my view in a constructive fashion, because given China's entry, it will create a different environment in terms of international competition. And for countries that are direct competitors with China, they are going to have to become more competitive. This has had an effect already that I've seen in South East Asia. I had some discussions when I was in Indonesia recently, and I think it is moving other countries in the direction that Mexico has gone already, which is to liberalize and become more competitive. As for your first question about the next meeting, as I mentioned here, there are a series of meetings that are taking place, there's the working party meeting in Geneva related to China. I'm going on to a CAIRNS meeting. There's an ASEAN meeting. There'll be meetings in Africa, and there may be other meetings of Ministers like this one, where we have moved along the process for the launch of the round. That's a separate, but related issue to the Chinese accession.

Reporter: Hi, my name is Gabriel Moreno from Reuters News, do you think. . .

Zoellick: What about him, he is from Reuters?

Reporter: He is based in Washington; I'm here in Mexico City.

Zoellick: You get two?

Reporter: Yeah, do you think you have been responsive to specific issues expressed by the Mexican government. Do you think Mexico is not complying with commitments made in the Telecom sector, and if so, do you think the United States complied with issues such as allowing Mexican drivers driving into American highways?

Zoellick: On Mexico, I'll re-emphasize a point that I made when I started. I think Mexico has made extraordinary progress in the whole trade liberalization area. And I think Mexicans frankly should be proud of what is the progress that that has created for Mexico and the leadership role it has given Mexico around the world. I saw that under past administrations, and frankly I heard President Fox talk about it yesterday, and I certainly believe he has a full commitment to that same process. I will say I'm somewhat envious of Mexico because I worked with Mexico on NAFTA. And after that, Mexico went on to negotiate eight free trade agreements with 32 countries. I've been trying to get the United States to get beyond the two we have already. So I think Mexico has a pattern that I hope we will be able to follow. President Fox will be coming to Washington this week for the first State visit. We have a close relationship with Mexico that covers not only trade and economic issues, but issues from

education to integration topics, and I think it's all part of the deeper North American relationship that NAFTA has created.

On the issue of trucks, as you know President Bush's position has been quite clear: we believe we should come in compliance with the NAFTA agreement. We ought to keep our word; we haven't been able to do so. We are trying to work with the Congress so we will be able to do so. That's our obligation. We obviously have issues where we have differences with Mexico, just as Mexico has differences with us. And we're trying to work those too. One of them remains telecommunications issues where we hope that further liberalization will create a more competitive environment here that will lead to better economic opportunity. But I have to say when I put it in the overall picture of Mexican-American trade relations and North American trade relations, the one, it is a small element related to an incredible success story.

And so that I can close by advertising my work, my Press Office has provided the speech that I gave on this topic and it's in Spanish back there. So you can read at length my thoughts on the subject. Thank you very much.